BRANDYWINE REALTY TRUST
Form 10-12G
June 22, 2004

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File No.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or 12(g) of the
Securities Exchange Act of 1934

BRANDYWINE OPERATING PARTNERSHIP, L.P.

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	**23-2862640** (I.R.S. Employer Identification No.)
401 Plymouth Road, Suite 500 Plymouth Meeting, PA (Address of principal executive office)	**19462** (Zip Code)

Registrant's telephone number, including area code: **(610) 325-5600**

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class to be so registered	**Name of each exchange on which each class is to be registered**
NOT APPLICABLE	NOT APPLICABLE

Securities to be registered pursuant to Section 12(g) of the Act:

UNITS OF GENERAL PARTNERSHIP INTEREST
(Title of class)

TABLE OF CONTENTS

		PAGE
Item 1.	Business	1
Item 2.	Financial Information	15
Item 3.	Properties	28
Item 4.	Security Ownership of Certain Beneficial Owners and Management	31
Item 5.	Directors and Executive Officers	32
Item 6.	Executive Compensation	35
Item 7.	Certain Relationships and Related Transactions	41
Item 8.	Legal Proceedings	41
Item 9.	Market Price of and Dividends on the Registrant's Common Equity and Related Security Holder Matters	42
Item 10.	Recent Sales of Unregistered Securities	42
Item 11.	Description of Registrant's Securities to be Registered	43
Item 12.	Indemnification of Directors and Officers	45
Item 13.	Financial Statements and Supplementary Data	46
Item 14.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	46
Item 15.	Financial Statements and Exhibits	46

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. The information in this document may only be accurate on the date of this document.

As used in this Form 10, unless the context otherwise requires, the terms "we," "us," "our" and the "Partnership" refer collectively to Brandywine Operating Partnership, L.P., a Delaware limited partnership, and its subsidiaries.

Back to Contents

Item 1. Business

General

Brandywine Operating Partnership, L.P. (the "Partnership") is the entity through which Brandywine Realty Trust (sometimes referred to as the "Company"), a self-administered and self-managed real estate investment trust ("REIT"), conducts its business and owns its assets. The Partnership's activities include acquiring, developing, redeveloping, leasing and managing office and industrial properties. The Company's common shares of beneficial interest, par value $0.01 per share, are listed on the New York Stock Exchange under the symbol "BDN."
As of March 31, 2004, we owned 207 office properties, 24 industrial facilities and one mixed-use property (the "Properties") containing an aggregate of approximately 15.7 million net rentable square feet. Our Properties are located in the office and industrial markets in and surrounding Philadelphia, Pennsylvania, New Jersey and Richmond, Virginia. In addition, as of March 31, 2004, we held economic interests in ten real estate ventures (the "Real Estate Ventures") that we formed with third parties to develop or own commercial properties. The Real Estate Ventures own ten office buildings that contain approximately 1.8 million net rentable square feet. As of March 31, 2004, we had an aggregate investment in the Real Estate Ventures of approximately $13.3 million (net of returns of invested amounts), excluding $2.4 million invested in two of the real estate ventures that were consolidated as of March 31, 2004. As of March 31, 2004, we also owned approximately 410 acres of undeveloped land and held options to purchase approximately 61 additional acres. As of March 31, 2004, we were also performing management and leasing services for 41 properties containing an aggregate of 3.6 million net rentable square feet.

Our executive offices are located at 401 Plymouth Road, Suite 500, Plymouth Meeting, Pennsylvania 19462 and our telephone number is (610) 325-5600. We have regional offices in Mount Laurel, New Jersey and in Richmond, Virginia. We have an internet website at www.brandywinerealty.com. On that web site, you can obtain a copy of the reports filed or furnished by us and the reports filed or furnished by the Company, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after they are filed electronically with the Securities and Exchange Commission (the "SEC"). We are not incorporating by reference in this Form 10 any material from our website. The reference to our website is an inactive textual reference to the uniform resource locator (URL) and is for your reference only.

Organization

We are managed by Brandywine Realty Trust, our sole general partner. As of March 31, 2004, we had 242 full-time employees.
Brandywine Realty Trust was organized and commenced its operations in 1986 as a Maryland REIT. As of March 31, 2004, Brandywine Realty Trust's ownership interest in us entitled it to approximately 96.3% of our distributions exclusive of distributions by us to Brandywine Realty Trust on account of Preferred Mirror Units that mirror the economic terms of, and that we issued in exchange for the proceeds from, Brandywine Realty Trust's three outstanding series of Preferred Shares. Our structure as an "UPREIT" is designed, in part, to permit persons contributing properties to us to defer some or all of the tax liability they might otherwise incur in a sale of properties.

As of the date of this Form 10, we have the following classes of units ("Units" or "Partnership Units") of partnership interest outstanding: units of Class A Limited Partnership Interest ("Class A Units"), units of General Partnership Interest ("GP Units"), Series A Preferred Mirror Units, Series D Preferred Mirror Units and Series E Preferred Mirror Units. Collectively, the GP Units and the Class A Units are referred to as Common Partnership Units. As of the date of this Form 10, there are 3,415,214 Class A Units outstanding, 1,718,454 of which are owned by outside limited partners and the balance of which are owned by Brandywine Realty Trust, and 44,289,548 GP Units outstanding, all of which are owned by Brandywine Realty Trust. In addition, Brandywine Realty Trust owns all of the Series A Preferred Mirror Units, Series D Preferred Mirror Units and Series E Preferred Mirror Units. Brandywine Realty Trust, as a holder of GP Units and Class A Units, as well as other holders of Class A Units, are entitled to share in cash distributions from, and in profits and losses of, the Partnership, in proportion to their respective percentage interests, subject to preferential distributions on the Series A Preferred Mirror Units, Series D Preferred Mirror Units, Series E Preferred Mirror Units and other Preferred Units that were outstanding in our historical results.

Back to Contents

Pursuant to our partnership agreement, as amended, we are obligated to redeem the Class A Units, other than those held by the Company, tendered for redemption by , for cash or Common Shares of the Company, at the option of the Company.

Our preferred units have the rights, preferences and other privileges are set forth in our limited partnership agreement, as amended. On September 28, 1998, we issued 750,000 Series A Preferred Mirror Units to Brandywine Realty Trust in exchange for its contribution to us of the proceeds of its Series A Preferred Shares. The 750,000 Series A Preferred Mirror Units outstanding have an aggregate liquidation preference of $37.5 million, or $50.00 per unit. Cumulative distributions on the Series A Preferred Mirror Units are payable quarterly at an annualized rate of 7.25% of the liquidation preference. In connection with, and at the time of the conversion of all or any Series A Preferred Shares into Common Shares, an equivalent number of Series A Preferred Mirror Units will be converted into Class A Units. In the event that any of the Series A Preferred Shares of Brandywine Realty Trust are redeemed, then an equivalent number of Series A Preferred Mirror Units will be redeemed.

On December 30, 2003, we issued 2,000,000 Series D Preferred Mirror Units to Brandywine Realty Trust in exchange for its contribution to us of the proceeds of its Series C Preferred Shares. The 2,000,000 Series D Preferred Mirror Units outstanding have an aggregate liquidation preference of $50 million, or $25.00 per unit. Cumulative distributions on the Series D Preferred Mirror Units are payable quarterly at an annualized rate of 7.50% of the liquidation preference. In the event that any of the Series C Preferred Shares of Brandywine Realty Trust are redeemed, which may occur at the option of Brandywine Realty Trust at any time on or after December 30, 2008, then an equivalent number of Series D Preferred Mirror Units will be redeemed.

On February 27, 2004, we issued 2,300,000 Series E Preferred Mirror Units to Brandywine Realty Trust in exchange for its contribution to us of the proceeds of its Series D Preferred Shares. The 2,300,000 Series E Preferred Mirror Units outstanding have an aggregate liquidation preference of $57.5 million, or $25.00 per unit. Cumulative distributions on the Series E Preferred Mirror Units are payable quarterly at an annualized rate of 7.375% of the liquidation preference. In the event that any of the Series D Preferred Shares of Brandywine Realty Trust are redeemed, which may occur at the option of Brandywine Realty Trust at any time on or after February 27, 2009, then an equivalent number of Series E Preferred Mirror Units will be redeemed.

Credit Facility

In May 2004, we obtained an unsecured credit facility (the Credit Facility) with a bank group led by JPMorgan Chase Bank. A majority of our direct and indirect subsidiaries are parties to the Credit Facility, as guarantors. The Credit Facility provides for a revolving credit facility in an amount of $450 million, which may be increased, at our option, to a maximum of $600 million. As of June 1, 2004, there was $295 million outstanding under the Credit Facility. The Credit Facility is scheduled to mature in May 2007, but may be extended at our election for a period of one year upon payment of a fee equal to .20% of the committed amount of the Credit Facility at the time of extension.

Advances under the Credit Facility bear interest at the London Inter-Bank Offered Rate (LIBOR) (1.12% at June 1, 2004) plus a spread over LIBOR ranging from .65% to 1.35% based on our leverage and unsecured debt ratings. In addition, we have the option to elect an alternative interest rate equal to the higher of the Federal Funds rate plus .50% or the prime lending rate of the agent under the Credit Facility, in each case plus a spread of .25%. We generally elect the interest rate based on LIBOR for all or most of our borrowings under the Credit Facility.

The Credit Facility contains provisions limiting: the incurrence of additional debt; the granting of liens; the consummation of mergers and consolidations; the disposition of assets and interests in subsidiaries; the making of loans and investments; and the payment of dividends. The restriction on dividends permits us to make distributions sufficient to enable Brandywine Realty Trust to pay dividends in the amount required for it to retain its qualification as a REIT under the Internal Revenue Code of 1986, and otherwise limits dividends to 90% of its funds from operations, as defined in the Credit Facility.

Back to Contents

The Credit Facility also contains financial covenants that require us to maintain a debt service coverage ratio, an interest coverage ratio, a fixed charge coverage ratio, an unsecured debt ratio and an unencumbered cash flow ratio above certain specified minimum levels; to maintain net worth above an amount determined on a specified formula; and to maintain a leverage ratio and a secured debt ratio below certain maximum levels. Another financial covenant limits the percentage of our total assets (on a consolidated basis) that can be held by subsidiaries not party to the Credit Facility.

The proceeds of the Credit Facility were used to repay all borrowings outstanding under our predecessor revolving credit facility, which was scheduled to mature in June 2004.

Term Loan

We obtained a $100 million unsecured term loan (the Term Loan) in July 2002. We used the proceeds of the Term Loan to repay then existing indebtedness. The Term Loan, like the Credit Facility, is recourse to us, including those of our subsidiaries that are parties, as guarantors, to the Term Loan agreement. Bank of America, N.A. serves as administrative agent for a group of lenders under the Term Loan.

There is no required principal amortization of the Term Loan prior to maturity. The Term Loan matures on July 15, 2005, subject to two extensions of one year each upon payment by us of an extension fee and the absence of any defaults at the time of each extension.

The Term Loan bears interest at a per annum floating rate equal to the one, two, three or six month LIBOR, plus between 1.05% and 1.90% (1.65% at March 31, 2004), depending on our the leverage and debt rating. At our option, the Term Loan may bear interest at the prime rate plus .25%. Interest is due at the end of the LIBOR term, unless a six month LIBOR term is selected, in which case interest is also paid at the end of the third month of the LIBOR term. If we elect interest based on the prime rate, then interest payments will be due monthly. The Term Loan agreement contains financial and operating covenants and, like the Credit Facility agreement, requires payment of prepayment premiums in certain instances.

Back to Contents

Additional Debt

Mortgage Indebtedness. The following table sets forth information regarding our mortgage indebtedness outstanding at March 31, 2004:

Property / Location	Principal Balance (in 000's)	Interest Rate (a)	Annual Debt Service (in 000's) (a) (b)	Maturity Date
1000 Howard Boulevard	3,530	9.25%	803	Nov-04
Croton Road	6,182	7.81%	590	Jan-06
111 Arrandale Blvd.	1,140	8.65%	150	Aug-06
429 Creamery Way	3,199	8.30%	410	Sep-06
Interstate Center (a)	1,090	3.00%	204	Mar-07
440 & 442 Creamery	5,830	8.55%	631	Jul-07
Norriton Office Center	5,325	8.50%	524	Oct-07
481 John Young Way	2,462	8.40%	261	Nov-07
400 Commerce Drive	12,303	7.12%	1,059	Jun-08
200 Commerce Drive	6,137	7.12%	556	Jan-10
Plymouth Meeting Executive Campus	48,108	7.00%	4,142	Dec-10
Four Tower Bridge	10,981	6.62%	845	Feb-11
Arboretum I, II, III & V	24,007	7.59%	2,235	Jul-11
993, 997 and 2000 Lenox Drive, 2000, 4000, 9000 Midlantic Drive and 1 Righter Parkway	65,737	8.05%	6,325	Oct-11
Six Tower Bridge	15,613	7.79%	1,501	Aug-12
Newtown Square, Berwyn, Libertyview	66,000	7.25%	5,568	May-13
Southpoint III	6,190	7.75%	887	Apr-14
Grande B (30 properties)	81,385	7.48%	7,444	Jul-27
Grande A (23 properties)				
Tranche 1	63,146	7.48%	5,948	Jul-27
Tranche 2 (a)	20,000	1.85%	384	Jul-27
Tranche 3 (a)	3,684	2.02%	77	Jul-27
Total mortgage indebtedness	$ 452,049		$ 40,544	

(a) For loans that bear interest at a variable rate, the rates in effect at March 31, 2004 have been assumed to remain constant.

(b) Annual Debt Service is calculated by annualizing the regularly scheduled principal and interest amortization.

Guaranties. As of March 31, 2004, we had guaranteed repayment of approximately $1.2 million of loans on behalf of the Real Estate Ventures. See Item 3. Properties Real Estate Ventures. We also provide customary environmental indemnities in connection with construction and permanent financing both for our own account and on behalf of Real Estate Ventures.

Management Activities

We conduct our real estate management services through Brandywine Realty Services Corporation (the Management Company), a taxable REIT subsidiary of which 95% is owned by us. The remaining five percent is owned by a partnership comprised of two executives of the Company. As of March 31, 2004, the Management Company was managing properties containing an aggregate of approximately 19.3 million net rentable square

feet, of which approximately 15.7 million net rentable square feet related to Properties owned by us and approximately 3.6 million net rentable square feet related to properties owned by third parties.

Geographic Segments

We currently manage our portfolio of Properties within three segments: (1) Pennsylvania, (2) New Jersey and (3) Virginia.

Business Objective

Our business objective is to maximize return on investment and to accomplish our objective we seek to:

Back to Contents

- maximize cash flow through leasing strategies designed to capture potential rental growth as rental rates increase and as below-market leases are renewed;
- attain a high tenant retention rate through aggressive tenant service programs responsive to the varying needs of our diverse tenant base;
- increase economic diversification while maximizing economies of scale;
- develop high-quality office and industrial properties on our existing inventory of land, as warranted by market conditions;
- capitalize on our redevelopment expertise to selectively acquire, redevelop and reposition underperforming properties in desirable locations;
- acquire high-quality office and industrial properties and portfolios of such properties at attractive yields in selected submarkets within the Mid-Atlantic region that we expect will experience economic growth and provide barriers to entry; and
- pursue joint venture opportunities with high-quality partners having attractive real estate holdings or significant financial resources.

We expect to continue to concentrate our real estate activities in submarkets within the Mid-Atlantic region where we believe that: (i) barriers to entry (such as zoning restrictions, utility availability, infrastructure limitations, development moratoriums and limited developable land) will create supply constraints on office and industrial space; (ii) current market rents and absorption statistics justify limited new construction activity; (iii) we can maximize market penetration by accumulating a critical mass of properties and thereby enhance operating efficiencies; and (iv) there is potential for economic growth.

Policies With Respect To Certain Activities

The following is a discussion of our investment, financing and other policies. These policies have been determined by the Board of Trustees of Brandywine Realty Trust (the Board or the Board of Trustees), as our general partner, and may be amended or revised from time to time by the Board of Trustees without a vote of shareholders.

Investment Policies

Investments in Real Estate or Interests in Real Estate:

We may develop, purchase or lease income-producing properties for long-term investment, expand and improve the Properties presently owned or other properties purchased, or sell such properties, in whole or in part, as circumstances warrant. Although there is no limitation on the types of development activities that we may undertake, we expect that our development activities will generally be on a build-to-suit basis for particular tenants, or where a significant portion of the building is pre-leased before construction begins. We may also participate with other entities in property ownership through joint ventures or other types of co-ownership. Our equity investments may be subject to existing or future mortgage financing and other indebtedness that will have priority over our equity investments.

Securities of or Interests in Entities Primarily Engaged in Real Estate Activities and Other Issuers:

Subject to the percentage of ownership limitations and gross income tests necessary for REIT qualification, we may invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers. We may enter into joint ventures or partnerships for the purpose of obtaining an equity interest in a particular property. We do not currently intend to invest in the securities of other issuers except in connection with joint ventures or acquisitions of indirect interests in properties.

Back to Contents

Investments in Real Estate Mortgages:

While our current portfolio consists of, and our business objectives emphasize, equity investments in commercial real estate, we may, in the discretion of management or of the Board of Trustees, invest in other types of equity real estate investments, mortgages and other real estate interests. We do not presently intend to invest to a significant extent in mortgages or deeds of trust, but may invest in participating or convertible mortgages if we conclude that we may benefit from the cash flow or any appreciation in the value of the property.

Disposition

Our disposition of Properties is based upon management's periodic review of our portfolio and, for material dispositions, the determination by the Board of Trustees that such action would be in the best interests of the Partnership.

Financing Policies

As a general policy, we intend, but are not obligated, to maintain a long-term average debt-to-market capitalization ratio of no more than 50%. Our mortgages, credit facilities and unsecured debt securities contain customary restrictions, requirements and other limitations on our ability to incur indebtedness. Our Amended and Restated Agreement of Limited Partnership as amended (the "Partnership Agreement") and the Declaration of Trust and Bylaws of Brandywine Realty Trust do not limit the amount or percentage of indebtedness that we may incur. We have not established any limit on the number or amount of mortgages that may be placed on any single property or on our portfolio as a whole.

We consider a number of factors when evaluating our level of indebtedness and when making decisions regarding the incurrence of indebtedness, including the purchase price of properties to be acquired with debt financing, the estimated market value of our properties upon refinancing and the ability of particular properties and the Partnership as a whole to generate cash flow to cover expected debt service.

Working Capital Reserves

We will maintain working capital reserves (and when not sufficient, access to borrowings) in amounts that our management determines to be adequate to meet normal contingencies in connection with our business and investments.

Policies with Respect to Other Activities

Brandywine Realty Trust, as our sole general partner, may authorize us to issue additional Partnership Units. Brandywine Realty Trust has authorized us in the past, and may continue to authorize us in the future, to issue Partnership Units to persons who contribute their direct or indirect interests in properties to us in exchange for such Units. We have not engaged in trading, underwriting or agency distribution or sale of securities of issuers and we do not intend to do so. At all times, we intend to make investments in such a manner as to maintain Brandywine Realty Trust's qualification as a REIT, unless because of circumstances or changes in the Internal Revenue Code of 1986, as amended (or the Treasury Regulations), the Board of Trustees determines that it is no longer in the best interest of Brandywine Realty Trust to qualify as a REIT. We may make loans to third parties, including to joint ventures in which we participate. We intend to make investments in such a way that we will not be treated as an investment company under the Investment Company Act of 1940. Our policies with respect to such activities may be reviewed and modified from time to time by the Board of Trustees.

Competition

The leasing of real estate is highly competitive. Our Properties compete for tenants with similar properties primarily on the basis of location, total occupancy costs (including base rent and operating expenses), services provided, and the design and condition of the improvements. We also face competition when attempting to acquire real estate, including competition from domestic and foreign financial institutions, other REIT's, life insurance companies, pension funds, partnerships and individual investors.

6

Back to Contents

Environmental Regulations

As an owner and operator of real estate, we are subject to various environmental laws. Compliance with existing laws has not had a material adverse effect on our financial condition and results of operations, and management does not believe it will have such an impact in the future. However, we cannot predict the impact of unforeseen environmental contingencies or new or changed laws or regulations on our Properties, properties that we have sold or on properties that we may acquire in the future. See Risk Factors - Environmental problems at the Properties are possible and may be costly.

Other

We do not have any foreign operations and our business is not seasonal. Our operations are not dependent on a single tenant or a few tenants and no single tenant accounted for more than 10% of our total 2003 revenue.

RISK FACTORS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Certain information included in this Form 10 and other materials filed by us and by Brandywine Realty Trust with the SEC (as well as information included in oral statements or other written statements made or to be made by us) contain statements that are forward-looking, such as statements relating to business development and real estate development activities, acquisitions, dispositions, future capital expenditures, financing sources and availability, and the effects of regulation (including environmental regulation) and competition. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be achieved. As forward-looking statements, these statements involve risks, uncertainties and other factors that could cause actual results to differ materially from the expected results and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of us. Factors that could cause actual results to differ materially from our managements expectations include, but are not limited to, changes in general economic conditions, changes in local real estate conditions (including changes in rental rates and the number of competing properties), changes in the economic conditions affecting industries in which our principal tenants compete, our failure to lease unoccupied space in accordance with our projections, our failure to re-lease occupied space upon expiration of leases, the bankruptcy of major tenants, changes in prevailing interest rates, the unavailability of equity and debt financing, unanticipated costs associated with the acquisition and integration of our acquisitions, unanticipated costs to complete and lease-up pending developments, increased costs for, or lack of availability of, adequate insurance, including for terrorist acts, demand for tenant services beyond those traditionally provided by landlords, potential liability under environmental or other laws, the existence of complex regulations relating to the status of Brandywine Realty Trust as a REIT and to our acquisition, disposition and development activities, the adverse consequences of Brandywine Realty Trusts failure to qualify as a REIT and the other risks identified in this Form 10. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

Our operations are concentrated in the Mid-Atlantic region, and our operational and financial performance depend on the economies in the markets in which we have a presence; changes in such markets may adversely affect our financial condition.

Our Properties are located in suburban markets in Pennsylvania, New Jersey, Virginia and Delaware. We thus do not have a broad geographic distribution of our properties. Like other real estate markets, these markets have experienced economic downturns in the past, and they are currently experiencing a downturn similar to the broader economic slowdown in the U.S. Such a downturn can lead to lower occupancy rates and, consequentially, downward pressure on rental rates. They can also result in companies experiencing difficulty with their cash flow, which might cause them to delay or miss making their lease payments or to declare bankruptcy. Furthermore, such a climate might affect the timing of lease commitments by new tenants or of lease renewals by existing tenants as such parties delay or defer their leasing decisions in order to get the most current information possible about trends in their businesses or industries. A prolonged decline in the economies of these real estate markets could adversely affect our financial position, results of operations, cash flow, and ability to make distributions.

Back to Contents

Financially distressed tenants may reduce our cash flow.

If one or more of our tenants were to experience financial difficulties, including bankruptcy, insolvency or general downturn of business, there could be an adverse effect our financial performance and distributions.

We cannot assure you that any tenant that files for bankruptcy protection will continue to pay us rent. A bankruptcy filing by or relating to one of our tenants or a lease guarantor would bar all efforts by us to collect pre-bankruptcy debts from that tenant or the lease guarantor, or their property, unless we receive an order permitting us to do so from the bankruptcy court. In addition, we cannot evict a tenant solely because of its bankruptcy. A tenant or lease guarantor bankruptcy could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. However, if a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim we can make if a lease is rejected. As a result, it is likely that we would recover substantially less than the full value of any unsecured claims we hold. For additional detail on tenant credit risk, see Item 2 - Financial Information - Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview - Tenant Credit Risk.

We may be unable to renew leases or relet space as leases expire.

If tenants do not to renew their leases upon expiration, we may be unable to relet the subject space. Even if the tenants do renew their leases or we can relet the space, the terms of renewal or reletting (including the cost of required renovations) may be less favorable than current lease terms. Certain leases grant the tenants an early termination right upon payment of a termination penalty. For additional detail on the risk of non-renewal of expiring leases, see Item 2 - Financial Information - Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview - Tenant Rollover Risk.

New development and acquisitions may not produce results in accordance with our expectations and may require development and renovation costs exceeding our estimates.

Once made, our investments may not produce results in accordance with our expectations. Our actual renovation and improvement costs in bringing an acquired property up to market standards may exceed our estimates.

In addition, we are active in developing and redeveloping office properties. Risks associated with these activities include:

- the unavailability of favorable financing, including permanent financing to repay construction financing;
- construction costs exceeding original estimates, due to increases in interest rates and increased materials, labor or other costs;
- construction and lease-up delays resulting in increased debt service, fixed expenses and construction or renovation costs;
- complications (including building moratoriums and anti-growth legislation) in obtaining necessary zoning, occupancy and other governmental permits; and
- insufficient occupancy levels and rental rates at a newly completed property causing the property to be unprofitable.

For additional detail on development risks, see Item 2 - Financial Information - Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview - Development Risk.

Back to Contents

Some potential losses are not covered by insurance.

We carry comprehensive liability, fire, extended coverage and rental loss insurance on all of our Properties. We believe the policy specifications and insured limits of these policies are adequate and appropriate. There are, however, types of losses, such as lease and other contract claims and acts of war, that generally are not insured. Some of our existing insurance policies expire in June 2004. We cannot be assured that we will be able to renew insurance coverage in an adequate amount or at reasonable prices. In addition, insurance companies may no longer offer coverage against certain types of losses, such as losses due to terrorist acts and mold, or, if offered, these types of insurance may be prohibitively expensive. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a Property, as well as the anticipated future revenue from the Property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the Property. We cannot be assured that material losses in excess of insurance proceeds will not occur in the future. If any of our Properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the Property. Such events could adversely affect our cash flow and ability to make distributions to shareholders.

Because real estate is illiquid, we may not be able to sell Properties when appropriate.

Real estate investments generally, and large office and industrial properties like those that we own, in particular, often cannot be sold quickly. Consequently, we may not be able to vary our portfolio promptly in response to changes in economic or other conditions. In addition, because our general partner is a REIT, the Internal Revenue Code of 1986 (the Code) limits our ability to sell properties held for fewer than four years. Furthermore, Properties that we acquired in exchange for our partnership units often have a low tax basis. If we were to dispose of any of these Properties in a taxable transaction, Brandywine may be required to distribute a significant amount of the taxable gain to its security holders under the requirements of the Internal Revenue Code of 1986 applicable to REITs and this could, in turn, impact its cash flow and ability to make distributions. In addition, purchase options and rights of first refusal held by tenants or partners in Real Estate Ventures may also limit our ability to sell certain properties. Any of these factors could adversely affect our cash flow and ability to make distributions as well as the ability of someone to purchase us, even if a purchase were in our best interests.

We have agreed not to sell certain of our Properties.

We have agreed with the former owners of 13 of our Properties aggregating approximately 1.1 million net rentable square feet not to sell these Properties for varying periods of time in transactions that would trigger taxable income to the former owners, subject to certain exceptions. Some of these agreements are with affiliates of current trustees of the Company. In addition, we may enter into similar agreements with sellers of Properties acquired by us in the future. These agreements generally provide that we may dispose of the applicable Properties in transactions that qualify as tax-free exchanges under Section 1031 of the Code or in other tax deferred transactions. Such transactions can be difficult and result in the property acquired in exchange for the disposed of property inheriting the tax attributes (including tax protection covenants) of the disposed property. Without suffering adverse financial consequences, we may be precluded from selling certain Properties other than in transactions that would qualify as tax-free exchanges for federal income tax purposes.

Our operating costs might rise, which might reduce our profitability and have an adverse effect on our cash flow and our ability to make distributions to shareholders.

We might face higher operating expenses as a result of rising costs generally and, in particular, as a result of increased costs following the terrorist attacks in the U.S. on September 11, 2001. For example, it might cost more in the future for building security, property/casualty and liability insurance, and property maintenance. Following the September 11th attacks, we have increased the level of security at our Properties. We might not be able to pass along the increased costs associated with such increased building security to our tenants, which could reduce our profitability and cash flow. Some of our existing insurance policies expire in June 2004. As a result of the terrorist attacks and other market conditions, the cost of premiums for comparable coverage might be significantly higher when it is time to renew our coverage, which could increase our operating expenses and reduce our profitability and our cash flow. Because of rising costs in general, we might experience increases in our property maintenance costs, such as for cleaning, electricity, and heating, ventilation and air conditioning. In general, under our leases with tenants, we pass on a portion of these costs to them. We cannot be assured, however, that tenants will actually bear the full burden of these higher costs, or that such increased costs will not

lead them, or other prospective tenants, to seek office space elsewhere. If operating expenses increase, the availability of other comparable office space in our specific geographic markets might limit our ability to increase rents, which could reduce our profitability (if operating expenses increase without a corresponding increase in revenues) and limit our ability to make distributions.

Back to Contents

We face significant competition from other real estate developers.

We compete with real estate developers, operators and institutions for tenants and acquisition and development opportunities. Some of these competitors have significantly greater financial resources than we do. Such competition may reduce the number of suitable investment opportunities offered to us, interfere with our ability to attract and retain tenants and may increase vacancies, which increases supply and lowers market rental rates, reduces our bargaining leverage and adversely affects our ability to improve our operating leverage. In addition, some of our competitors may be willing, because their properties may have vacancy rates higher than those for our properties, to make space available at lower prices than the space in our properties. We cannot be assured that this competition will not adversely affect our cash flow and ability to make distributions.

Our ability to make distributions is subject to various risks.

We have been paying quarterly distributions. Our ability to make distributions in the future will depend upon:

- the operational and financial performance of our Properties;
- capital expenditures with respect to existing and newly acquired Properties;
- the amount of, and the interest rates on, our debt; and
- the absence of significant expenditures relating to environmental and other regulatory matters.

Certain of these matters are beyond our control and any significant difference between our expectations and actual results could have a material adverse effect on our cash flow and our ability to make distributions.

Changes in the law may adversely affect our cash flow.

Because increases in income and service taxes are generally not passed through to tenants under leases, such increases may adversely affect our cash flow and ability to make expected distributions. The Properties are also subject to various regulatory requirements, such as those relating to the environment, fire and safety. Our failure to comply with these requirements could result in the imposition of fines and damage awards. Also, the costs to comply with any new or different regulations could adversely affect our cash flow and our ability to make distributions. While we believe that the Properties are currently in material compliance with all such requirements, we cannot be assured that these requirements will not change or that newly imposed requirements will not require significant unanticipated expenditures.

Our indebtedness subjects us to additional risks.

Debt Financing and Existing Debt Maturities. Like other real estate companies, we are subject to risks normally associated with debt financing, such as the insufficiency of cash flow to meet required debt service payment obligations and the inability to refinance existing indebtedness. If our debt cannot be paid, refinanced or extended at maturity, in addition to our failure to repay our debt, we may not be able to make distributions at expected levels or at all. Furthermore, an increase in our interest expense could adversely affect our cash flow and ability to make distributions to shareholders. If we do not meet our debt service obligations, any Properties securing such indebtedness could be foreclosed on, which would have a material adverse effect on our cash flow and ability to make distributions and, depending on the number of Properties foreclosed on, could threaten our continued viability.

Back to Contents

Risk of Rising Interest Rates and Variable Rate Debt. Increases in interest rates on variable rate indebtedness would increase our interest expense, which could adversely affect our cash flow and ability to make distributions. As of March 31, 2004, outstanding borrowings of approximately $214.7 million bear interest at variable rates (after giving effect to interest rate hedges discussed in Item 2 Financial Information Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources - Interest Rate Risk and Sensitivity Analysis).

No Limitation on Debt. Our organizational documents do not contain any limitation on our ability to incur additional debt. Accordingly, subject to limitations in our credit facilities, we could increase our outstanding debt without restriction. The increased debt service could adversely affect our cash flow and ability to make distributions and could increase the risk of default on our indebtedness.

Environmental problems at the Properties are possible and may be costly.

Federal, state and local laws, ordinances and regulations may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances or releases at such property. The owner or operator may be forced to pay for property damage and for investigation and clean-up costs incurred by others in connection with environmental contamination. Such laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site. These costs may be substantial and the presence of such substances may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral.

Environmental laws that govern the presence, maintenance and removal of asbestos require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos, notify and train those who may come into contact with asbestos and undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. Such laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

Independent environmental consultants have conducted a standard Phase I or similar general environmental site assessment ("ESA") of each of our Properties to identify potential sources of environmental contamination and assess environmental regulatory compliance. For a number of the Properties, the Phase I ESA either referenced a prior Phase II ESA obtained on such Property or prompted us to have a Phase II ESA of such Property conducted. A Phase II ESA generally involves invasive procedures, such as soil sampling and testing or the installation and monitoring of groundwater wells. While the ESAs conducted have identified environmental contamination on a few of the Properties, they have not revealed any environmental contamination, liability or compliance concern that we believe would have a material adverse effect on our cash flow or ability to make distributions to shareholders. It is possible that the existing ESAs relating to the Properties do not reveal all environmental contaminations, liabilities or compliance concerns which currently exist, and it is also possible that the cost of remediating identified contamination may exceed current estimates. In addition, future properties which we acquire may be subject to environmental conditions.

While we have an ongoing maintenance program in place to address indoor air quality, inquiries about indoor air quality may necessitate special investigation and, depending on the results, remediation. Indoor air quality issues can stem from inadequate ventilation, chemical contaminants from indoor or outdoor sources, and biological contaminants such as molds, pollen, viruses and bacteria. Indoor exposure to chemical or biological contaminants above certain levels can be alleged to be connected to allergic reactions or other health effects and symptoms in susceptible individuals. If these conditions occur at one of our Properties, we may need to undertake a targeted remediation program, including without limitation, steps to increase indoor ventilation rates and eliminate sources of contaminants. Such remediation programs are costly and could necessitate the temporary relocation of some or all of the property's tenants or require rehabilitation of the affected property.

Back to Contents

Americans with Disabilities Act compliance could be costly.

Under the Americans with Disabilities Act of 1990 (ADA), all public accommodations and commercial facilities, including office buildings, must meet certain federal requirements related to access and use by disabled persons. Compliance with the ADA requirements could involve removal of structural barriers from certain disabled persons entrances which could adversely affect our financial condition and results of operations. Other federal, state and local laws may require modifications to or restrict further renovations of our Properties with respect to such accesses. Although we believe that our properties are currently in material compliance with present requirements, noncompliance with the ADA or similar or related laws or regulations could result in the United States government imposing fines or private litigants being awarded damages against us. In addition, we do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures. Such costs may adversely affect our cash flow and ability to make distributions.

By holding Properties through the Partnership and various joint ventures, we are exposed to additional risks.

We own the Properties and interests in Real Estate Ventures. In the future, we expect to continue to participate with other entities in property ownership through joint ventures or partnerships. Partnership or joint venture investments may involve risks not otherwise present in direct investments. Such risks include:

- the potential bankruptcy of our partners or co-venturers;
- a conflict between our business goals and those of our partners or co-venturers; and
- actions taken by our partners or co-venturers contrary to our instructions or objectives.

There is no limitation under our organizational documents as to the amount of funds which we may invest in partnerships or joint ventures.

Brandywine Realty Trusts status as a REIT is dependent on compliance with federal income tax requirements.

Brandywine Realty Trusts failure to qualify as a REIT would have serious adverse consequences to holders of our securities. We believe that since 1986 our general partner has qualified for taxation as a REIT for federal income tax purposes. Brandywine Realty Trust plans to continue to meet the requirements for taxation as a REIT. Many of these requirements are highly technical and complex. The determination that Brandywine Realty Trust is a REIT requires an analysis of various factual matters and circumstances that may not be totally within its or our control. For example, to qualify as a REIT, at least 95% of Brandywine Realty Trusts gross income must come from certain sources that are itemized in the REIT tax laws. Brandywine Realty Trust is also required to distribute to shareholders at least 90% of its REIT taxable income (excluding net capital gains). The fact that Brandywine Realty Trust holds its assets through us and our subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize Brandywine Realty Trusts REIT status. Furthermore, Congress and the IRS might change the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible, for Brandywine Realty Trust to remain qualified as a REIT. We do not believe, however, that any pending or proposed tax law changes would jeopardize Brandywine Realty Trusts REIT status.

To maintain REIT status, a REIT may not own more than 10% of the securities of any corporation, except for a qualified REIT subsidiary (which must be wholly owned by the REIT), taxable REIT subsidiary or another REIT.

If Brandywine Realty Trust fails to qualify as a REIT, it would be subject to federal income tax at regular corporate rates. Also, unless the IRS granted Brandywine Realty Trust relief under certain statutory provisions, Brandywine Realty Trust would remain disqualified as a REIT for four years following the year it first failed to qualify. If Brandywine Realty Trust failed to qualify as a REIT, it would be required to pay significant income taxes which would directly and adversely impact the Partnership and substantially reduce funds available for distribution. This would likely have a material adverse effect on the value of our securities.

12

Back to Contents

In order to make the distributions required to maintain its REIT status, Brandywine Realty Trust may need to borrow funds. To obtain the favorable tax treatment associated with REIT qualification, Brandywine Realty Trust generally will be required to distribute to its shareholders at least 90% of its annual REIT taxable income (excluding net capital gains). In addition, Brandywine Realty Trust will be subject to tax on its undistributed net taxable income and net capital gain and a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid by it with respect to any calendar year are less than the sum of 85% of ordinary income plus 95% of capital gain net income for the calendar year, plus certain undistributed amounts from prior years.

Brandywine Realty Trust intends to make distributions to its shareholders to comply with the distribution provisions of the Code and to avoid income and other taxes. Its income will consist primarily of its share of the income of the Partnership and its cash flow will consist primarily of its share of distributions from the Partnership. Differences in timing between the receipt of income and the payment of expenses in arriving at taxable income (of the Partnership or Brandywine Realty Trust) and the effect of required debt amortization payments could require Brandywine Realty Trust to borrow funds on a short-term basis or to liquidate funds on adverse terms to meet the REIT qualification distribution requirements.

Failure of the Partnership (or a subsidiary partnership) to be treated as a partnership would have serious adverse consequences to holders of our Units and other securities. If the IRS were to successfully challenge the tax status of the Partnership or any of its subsidiary partnerships for federal income tax purposes, the Partnership or the affected subsidiary partnership would be taxable as a corporation. In such event, Brandywine Realty Trust would cease to qualify as a REIT and the imposition of a corporate tax on the Partnership or a subsidiary partnership would reduce the amount of cash available for distribution from such partnership to us, our unit holders, and holders of other of our securities. This would directly and adversely impact the Partnership and substantially reduce the funds available for payment of distributions.

Brandywine Realty Trust does pay some taxes. Even if Brandywine Realty Trust qualifies as a REIT, it is required to pay certain federal, state and local taxes on its income and Properties. In addition, the Management Company is subject to federal, state and local income tax at regular corporate rates on its net taxable income derived from its management, leasing and related service business. If we have net income from a prohibited transaction, such income will be subject to a 100% tax.

We own a subsidiary REIT. One of our subsidiaries, Atlantic American Properties Trust (AAPT), that indirectly holds 22 of the Properties, elected to be taxed as a REIT for the year ended December 31, 1997. So long as we seek to maintain AAPTs REIT status, AAPT will be subject to all the requirements and risks associated with maintaining REIT status summarized above, including the limitation on the ownership of more than 10% of the securities of any corporation (other than a qualified REIT subsidiary, taxable REIT subsidiary or another REIT).

We are dependent upon our key personnel.

We are dependent on our key personnel whose continued service is not guaranteed. We are dependent upon our executive officers for strategic business direction and real estate experience. While we believe that we could find replacements for these key personnel, loss of their services could adversely affect our operations. Although the Company has an employment agreement with Gerard H. Sweeney for a term extending to May 7, 2005, this agreement does not restrict his ability to become employed by a competitor following the termination of his employment. We do not have key man life insurance coverage on our executive officers.

Certain limitations exist with respect to a third partys ability to acquire the Company or effectuate a change in control of the Company, which could be detrimental to holders of our units

Limitations imposed to protect Brandywine Realty Trusts REIT status. In order to protect Brandywine Realty Trust against loss of its REIT status, its Declaration of Trust limits any shareholder from owning more than 9.8% in value of its outstanding shares, subject to certain exceptions. The ownership limit may have the effect of precluding acquisition of control of Brandywine Realty Trust. If anyone acquires shares in excess of the ownership limit, Brandywine Realty Trust may:

- consider the transfer to be null and void;

Back to Contents

- not reflect the transaction on its books;
- institute legal action to stop the transaction;
- not pay dividends or other distributions with respect to those shares;
- not recognize any voting rights for those shares; and
- consider the shares held in trust for the benefit of a person to whom such shares may be transferred.

Limitation due to Brandywine Realty Trusts ability to issue preferred shares. Brandywine Realty Trusts Declaration of Trust authorizes its Board of Trustees to issue preferred shares, without limitation as to amount. The Board of Trustees may establish the preferences and rights of any preferred shares issued which could have the effect of delaying or preventing someone from taking control of Brandywine Realty Trust, even if a change in control were in its shareholders best interests.

Limitations imposed by the Maryland Business Combination Law. The Maryland General Corporation Law, as applicable to Maryland real estate investment trusts, establishes special restrictions against business combinations between a Maryland real estate investment trust and interested shareholders or their affiliates unless an exemption is applicable. An interested shareholder includes a person who beneficially owns, and an affiliate or associate of the trust who, at any time within the two-year period prior to the date in question, was the beneficial owner of, ten percent or more of the voting power of Brandywine Realty Trusts then-outstanding voting shares. Among other things, the law prohibits (for a period of five years) a merger and certain other transactions between the trust and an interested shareholder unless the Board of Trustees approved the transaction before the party became an interested shareholder. The five-year period runs from the most recent date on which the interested shareholder became an interested shareholder. Thereafter, any such business combination must be recommended by the Board of Trustees and approved by two super-majority shareholder votes unless, among other conditions, the trusts common shareholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for its shares or unless the Board of Trustees approved the transaction before the party in question became an interested shareholder. The business combination statute could have the effect of discouraging offers to acquire Brandywine Realty Trust and of increasing the difficulty of consummating any such offers, even if the acquisition would be in the best interest of the shareholders of Brandywine Realty Trust. Brandywine Realty Trust has exempted any business combination involving Safeguard Scientifics, Inc., the Commonwealth of Pennsylvania State Employees Retirement System and a voting trust established for its benefit, Morgan Stanley Asset Management Inc. and two funds managed by it, Lazard Freres Real Estate Investors, L.L.C., Five Arrows Realty Securities III L.L.C., Gerard H. Sweeney (the President and Chief Executive Officer of Brandywine Realty Trust) and any of their respective affiliates or associates.

Maryland Control Share Acquisition Act. Maryland law provides that control shares of a real estate investment trust acquired in a control share acquisition shall have no voting rights except to the extent approved by a vote of two-thirds of the vote eligible to be cast on the matter under the Maryland Control Share Acquisition Act. Control Shares means shares that, if aggregated with all other shares previously acquired by the acquirer, would entitle the acquirer to exercise voting power in electing trustees within one of the following ranges of voting power: one-tenth or more but less than one-third, one-third or more but less than a majority or a majority or more of all voting power. A control share acquisition means the acquisition of control shares, subject to certain exceptions. If voting rights or control shares acquired in a control share acquisition are not approved at a shareholders meeting, then subject to certain conditions and limitations the issuer may redeem any or all of the control shares for fair value. If voting rights of such control shares are approved at a shareholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. Any control shares acquired in a control share acquisition which are not exempt under the bylaws of Brandywine Realty Trust will be subject to the Maryland Control Share Acquisition Act. Brandywine Realty Trusts bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of its shares. There can be no assurance that this provision will not be amended or eliminated at any time in the future.

Back to Contents

Item 2. Financial Information

Selected Consolidated Financial and Operating Data

The following information should be read in conjunction with the financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Form 10.

(in thousands, except per Common Partnership Unit data and number of properties)

	Quarter Ended March 31,		Year Ended December 31,				
	2004	**2003**	**2003**	**2002**	**2001**	**2000**	**1999**
Operating Results							
Total revenue	$ 73,860	$ 75,241	$ 305,659	$ 291,040	$ 270,488	$ 249,664	$ 247,480
Net income from continuing operations	13,314	15,138	84,621	57,107	28,244	48,246	29,755
Net income	13,719	16,287	96,467	73,136	42,344	61,756	42,602
Earnings per Common Partnership Unit:							
Basic	$ 0.34	$ 0.30	$ 1.43	$ 1.41	$ 0.58	$ 1.12	$ 0.80
Diluted	$ 0.33	$ 0.30	$ 1.43	$ 1.40	$ 0.58	$ 1.12	$ 0.80
Cash distributions declared, per Common Partnership Unit	$ 0.44	$ 0.44	$ 1.76	$ 1.76	$ 1.70	$ 1.62	$ 1.57
Balance Sheet Data							
Real estate investments, net of accumulated depreciation	$ 1,727,540		$ 1,695,355	$ 1,745,981	$ 1,812,909	$ 1,674,341	$ 1,702,353
Total assets	1,867,585		1,855,776	1,919,288	1,960,203	1,821,103	1,825,276
Total indebtedness	817,049		867,659	1,004,729	1,009,165	866,202	839,634
Total liabilities	887,964		951,484	1,098,846	1,109,266	923,961	895,083
Series B Preferred Units	—		97,500	97,500	97,500	97,500	97,500
Redeemable limited partnership units	53,072		46,505	38,984	45,335	44,611	35,296
Partners' equity	926,549		760,287	683,958	708,102	755,031	797,397
Other Data							
Cash flows from:							
Operating activities	$ 33,068	$ 27,709	$ 118,793	$ 128,836	$ 152,116	$ 103,123	$ 81,495

Investing activities	(18,642)	(6,601)	(34,068)	5,038	(123,736)	(32,372)	69,195
Financing activities	(15,421)	(39,366)	(102,974)	(120,532)	(30,961)	(60,403)	(158,073)
Property Data							
Number of properties owned at period end	232	240	234	238	270	250	251
Net rentable square feet owned at period end	15,660	16,345	15,733	16,052	17,312	16,471	16,607

15

Back to Contents

Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion and analysis should be read in conjunction with "Selected Consolidated Financial and Operating Data," and our audited consolidated financial statements and notes thereto appearing elsewhere herein.

OVERVIEW

The Partnership currently manages its portfolio within three segments: (1) Pennsylvania, (2) New Jersey and (3) Virginia. As of March 31, 2004, the Partnership's portfolio consisted of 207 office properties, 24 industrial facilities and one mixed-use property that contain an aggregate of approximately 15.7 million net rentable square feet. As of March 31, 2004, the Partnership held ownership interests in ten Real Estate Ventures.

The Partnership receives income primarily from rental revenue (including tenant reimbursements) from the Properties and, to a lesser extent, from the management of properties owned by third parties and from investments in the Real Estate Ventures.

The Partnership's financial performance is dependent upon the demand for office and other commercial space in its markets. Current economic conditions, including recessionary pressures and capital market volatility, have enhanced the challenges facing the Partnership.

In the current economic climate, the Partnership continues to seek revenue growth through an increase in occupancy of its portfolio (90.0% at March 31, 2004). However, with a downturn in general leasing activity, owners of commercial real estate, including the Partnership, are experiencing longer periods in which to lease unoccupied space and are incurring higher capital costs and leasing commissions to achieve targeted tenancies.

As the Partnership seeks to increase revenues, management also focuses on strategies to minimize operating risks, including (i) tenant rollover risk, (ii) tenant credit risk and (iii) development risk.

Tenant Rollover Risk:

The Partnership is subject to the risk that, upon expiration, leases may not be renewed, the space may not be released, or the terms of renewal or releasing (including the cost of renovations) may be less favorable than the current lease terms. Leases totaling approximately 9.3% of the net rentable square feet of the Properties as of March 31, 2004 expire without penalty through the end of 2004. In addition, leases totaling approximately 18.6% of the net rentable square feet of the Properties as of March 31, 2004 are scheduled to expire without penalty in 2005. The Partnership maintains an active dialogue with its tenants in an effort to achieve a high level of lease renewals. The Partnership's retention rate for leases that were scheduled to expire in the three-month period ended March 31, 2004 was 76.4%. If the Partnership is unable to renew leases for a substantial portion of the space under expiring leases, or promptly release this space at anticipated rental rates, the Partnership's cash flow could be adversely impacted.

Tenant Credit Risk:

In the event of a tenant default, the Partnership may experience delays in enforcing its rights as a landlord and may incur substantial costs in protecting its investment. Management regularly evaluates its accounts receivable reserve policy in light of its tenant base and general and local economic conditions. The accounts receivable allowances were $4.2 million or 11.0% of total receivables (including accrued rent receivable) as of March 31, 2004 compared to $4.0 million or 11.2% of total receivables (including accrued rent receivable) as of December 31, 2003.

Development Risk:

As of March 31, 2004, the Partnership had in development four office properties and had in redevelopment three office properties. These seven properties aggregate 1.1 million square feet. The total cost of these projects is estimated to be $213.6 million of which $28.9 million had been incurred as of March 31, 2004. As of March 31, 2004, these projects were approximately 54% leased. One of the development properties is Cira Centre, a planned 28-story office tower to be located adjacent to Amtrak's 30th Street Station in the University City District

of Philadelphia. The total cost of this project is estimated to be $177.6 million and the Partnership expects to complete this project in the fourth quarter of 2005. As of March 31, 2004, this project was approximately 62% leased. While the Partnership is actively marketing space at the development and redevelopment projects to prospective tenants, management cannot provide assurance as to the timing or terms of any leases of such space. As of March 31, 2004, the Partnership owned approximately 410 acres of undeveloped land and held options to purchase approximately 61 additional acres. Risks associated with development include construction cost overruns, construction delays, insufficient occupancy rates and inability to obtain necessary zoning, land-use, building, occupancy and other required governmental approvals. If one or more of the Partnership's assumptions regarding the successful efforts of development and leasing are incorrect, the Partnership's earnings and cash flows may be impacted.

Back to Contents

RECENT ACTIVITY

The Partnership sold or disposed of the following properties during the three-month period ended March 31, 2004:

Sale Date	Property/Portfolio Name	Location	# of Bldgs.	Rentable Square Feet	Sales/Disposition Price
					(in 000's)
Mar-04	2201 Dabney Road	Richmond, VA	1	45,000	$ 2,100
Mar-04	1255 Broad Street	Bloomfield, NJ	1	37,478	3,960
	Total Properties Sold		2	82,478	$ 6,060

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management�s Discussion and Analysis of Financial Condition and Results of Operations discusses the Partnership�s condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and assumptions on historical experience and current economic conditions. On an on-going basis, management evaluates its estimates and assumptions including those related to revenue, impairment of long-lived assets, allowance for doubtful accounts, deferred costs, contingencies and litigation. Actual results may differ from those estimates and assumptions.

The Partnership�s significant accounting policies are described in Note 2 to the consolidated financial statements included elsewhere in this Form 10. While the estimates and judgments associated with the application of these accounting policies may be affected by different assumptions or conditions, the Partnership believes the estimates and judgments associated with the reported amounts are appropriate in the circumstances. The following identifies critical accounting policies that are used in preparing the Partnership�s consolidated financial statements, including those policies which require significant judgment and estimates:

Revenue Recognition

Rental revenue is recognized on a straight-line basis over the lease term regardless of when payments are due. Certain lease agreements contain provisions that require tenants to reimburse a pro rata share of real estate taxes and common area maintenance costs.

Real Estate Investments

Real estate investments are carried at cost. The Partnership records acquisition of real estate investments under the purchase method of accounting and allocates the purchase price to land, buildings and intangible assets on a relative fair value basis. Depreciation is computed using the straight-line method over the useful lives of buildings and capital improvements (25 to 40 years) and over the shorter of the lease term or the life of the asset for tenant improvements. Direct construction costs related to the development of Properties and land holdings are capitalized as incurred. The Partnership expenses routine repair and maintenance expenditures.

Back to Contents

Impairment of Long-Lived Assets

Management reviews investments in real estate and real estate ventures for impairment if facts and circumstances indicate that the carrying value of such assets may not be recoverable. Measurement of any impairment loss will be based on the fair value of the asset, determined using customary valuation techniques, such as the present value of expected future cash flows.

In accordance with SFAS No. 144 (SFAS 144), *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as real estate investments and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities relating to assets classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

Income Taxes

No federal or state income taxes are payable by the Partnership, and accordingly, no provision for taxes has been made in the accompanying condensed consolidated financial statements. The partners are to include their respective share of the Partnership's profits or losses in their individual tax returns. The Partnership's tax returns and the amount of allocable Partnership profits and losses are subject to examination by federal and state taxing authorities. If such examination results in changes to Partnership profits or losses, then the tax liability of the partners would be changed accordingly.

We own a subsidiary real estate investment trust (REIT) that has elected to be taxed as a real estate investment trust under Sections 856-860 of the Internal Revenue Code. In management's opinion, the requirements to maintain this election are being met. Our REIT subsidiary is subject to a 4% Federal excise tax, if sufficient taxable income is not distributed within prescribed time limits. The excise tax equals 4% of the annual amount, if any, by which the sum of (a) 85% of the subsidiary's ordinary income and (b) 95% of the subsidiary's net capital gain exceeds cash distributions and certain taxes paid by the subsidiary.

Allowance for Doubtful Accounts

The Partnership maintains an allowance for doubtful accounts that represents an estimate of losses that may be incurred from the inability of tenants to make required payments. The allowance is an estimate based on two calculations that are combined to determine the total amount reserved. First, the Partnership evaluates specific accounts where it has been determined that a tenant may have an inability to meet its financial obligations. In these situations, the Partnership uses its judgment, based on the facts and circumstances, and records a specific reserve for that tenant against amounts due to reduce the receivable to the amount that the Partnership expects to collect. These reserves are reevaluated and adjusted as additional information becomes available. Second, a reserve is established for all tenants based on a range of percentages applied to aging categories. These percentages are based on historical collection and write-off experience. If the financial condition of the Partnership's tenants were to deteriorate, additional allowances may be required.

Deferred Costs

The Partnership incurs direct costs related to the financing, development and leasing of the Properties. Management exercises judgment in determining whether such costs meet the criteria for capitalization or must be expensed. Capitalized financing fees are amortized over the related loan term and capitalized leasing costs are amortized over the related lease term. Management re-evaluates the remaining useful lives of leasing costs as the creditworthiness of the Partnership's tenants and economic and market conditions change.

Purchase Price Allocation

The Partnership allocates the purchase price of properties to net tangible and identified intangible assets acquired based on fair values. Above-market and below-market in-place lease values for acquired properties are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) the Partnership's estimate of the fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancellable term of the lease. Capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancellable terms of the respective leases. Capitalized below-market lease values amortized as an increase of rental income over the remaining non-cancellable terms of the respective leases, including any fixed-rate renewal periods.

Back to Contents

The aggregate value of other intangibles acquired is measured based on the difference between (i) the property valued with in-place leases adjusted to market rental rates and (ii) the property valued as if it was vacant. The Partnership estimates the cost to execute leases with terms similar to the remaining lease terms of the in-place leases, include leasing commissions, legal and other related expenses. This intangible asset is amortized to expense over the remaining term of the respective leases. Company estimates of value are made using methods similar to those used by independent appraisers. Factors considered by the Partnership in their analysis include an estimate of the carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. The Partnership also considers information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. In estimating carrying costs, the Partnership includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, which primarily range from three to twelve months.

The total amount of these other intangible assets is further allocated to tenant relationships and in-place leases based on the Partnership's evaluation of the specific characteristics of each tenant's lease and the Partnership's overall relationship with the respective tenant. Characteristics considered by the Partnership in allocating value to its tenant relationships include the nature and extent of the Partnership's business relationship with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals, among other factors. The value of tenant relationship intangibles is amortized over the remaining initial lease term and renewals, but in no event longer than the remaining depreciable life of the building. The value of in-place leases is amortized over the remaining non-cancellable term of the respective leases and any fixed-rate renewal periods.

In the event that a tenant terminates its lease, the unamortized portion of each intangible, including market rate adjustments, in-place lease values and tenant relationship values, would be charged to expense.

Back to Contents

RESULTS OF OPERATIONS

Comparison of the Quarter Ended March 31, 2004 to the Quarter Ended March 31, 2003.

	Quarter Ended March 31, 2004	Quarter Ended March 31, 2003	Dollar Change	Percent Change
	(amounts in thousands)			
Revenue:				
Rents	$ 63,763	$ 63,921	$ (158)	-0.2%
Tenant reimbursements	8,060	8,593	(533)	-6.2%
Other	2,037	2,727	(690)	-25.3%
Total revenue	73,860	75,241	(1,381)	-1.8%
Operating Expenses:				
Property operating expenses	22,333	21,335	998	4.7%
Real estate taxes	6,948	6,560	388	5.9%
Interest	12,104	15,306	(3,202)	-20.9%
Depreciation and amortization	15,906	14,698	1,208	8.2%
Administrative expenses	3,489	3,514	(25)	-0.7%
Total operating expenses	60,780	61,413	(633)	-1.0%
Income from continuing operations before equity in income of real estate ventures, and net gain on sales	13,080	13,828	(748)	-5.4%
Equity in income of real estate ventures	234	158	76	48.1%
Income from continuing operations before net gain on sales	13,314	13,986	(672)	-4.8%
Net gain on sales of interest in real estate	—	1,152	(1,152)	0.0%
Income from continuing operations	13,314	15,138	(1,824)	-12.0%
Income from discontinued operations	405	1,149	(744)	-64.8%
Net income	$ 13,719	$ 16,287	$ (2,568)	-15.8%

Of the 232 Properties owned by the Company as of March 31, 2004, a total of 222 Properties containing an aggregate of 14.9 million net rentable square feet (Same Store Properties) were owned for the entire three-month periods ended March 31, 2004 and 2003.

Revenue decreased to $73.9 million for the three-month period ended March 31, 2004 as compared to $75.2 million for the comparable period in 2003, primarily due to decreased other revenue in 2004. The straight-line rent adjustment, which reflects the difference between rents accrued in accordance with generally accepted accounting principles and rents billed, increased revenues over rents billed by $1.9 million for the three-month period ended March 31, 2004 and $1.5 million for the comparable period in 2003. Other revenue includes lease termination fees, leasing commissions, third-party management fees and interest income. Other revenue decreased to $2.0 million for the three-month period ended March 31, 2004 as compared to $2.7 million for the comparable period in 2003 primarily due to decreased bankruptcy settlement proceeds and termination fees received during 2004. Revenue for Same Store Properties increased to $68.5 million for the three months ended March 31, 2004 as compared to $68.1 million for the comparable period in 2003. This increase was the result of increased occupancy in 2004 as compared to 2003. Average occupancy for the Same Store Properties for the three months ended March 31, 2004 increased to 90.6% from 89.8% for the comparable period in 2003.

Property operating expenses increased to $22.3 million for the three-month period ended March 31, 2004 as compared to $21.3 million for the comparable period in 2003, primarily due to increased repairs and maintenance expense and bad debt provision in 2004 as compared to 2003. Property operating expenses for the Same Store Properties increased to $22.5 million for the three months ended March 31, 2004 as compared to $21.9 million for the comparable period in 2003 as a result of increased repairs and maintenance expense in 2004.

Real estate taxes increased to $6.9 million for the three-month period ended March 31, 2004 as compared to $6.6 million for the comparable period in 2003, primarily due to higher tax rates and property assessments. Real estate taxes for the Same Store Properties increased to $6.4 million for the three months ended March 31, 2004 as compared to $5.9 million for the comparable period in 2003 as a result of higher tax rates and property assessments in 2004.

Back to Contents

Interest expense decreased to $12.1 million for the three-month period ended March 31, 2004 as compared to $15.3 million for the comparable period in 2003, primarily due to decreased average borrowings offset slightly by increased interest rates. Average outstanding debt balances for the three months ended March 31, 2004 were $842.4 million as compared to approximately $995.7 million for the comparable period in 2003. Our weighted-average interest rate after giving effect to hedging activities on the revolving credit facility increased to 4.64% per annum for the three months ended March 31, 2004 from 4.60% per annum for the comparable period in 2003. The weighted-average interest rate on mortgage notes payable increased to 7.33% per annum for the three months ended March 31, 2004 from 7.10% per annum for the comparable period in 2003.

Depreciation expense increased to $13.6 million for the three-month period ended March 31, 2004 as compared to $13.1 million for the comparable period in 2003 primarily due to additional depreciation recorded from increased tenant improvements during 2004. Amortization expense, related to deferred leasing costs, increased to $2.3 million for the three-month period ended March 31, 2004 as compared to $1.6 million for the comparable period in 2003, primarily due to increased leasing activity.

Administrative expenses were $3.5 million for the three-month periods ended March 31, 2004 and 2003.

Equity in income of Real Estate Ventures was $.2 million for the three-month periods ended March 31, 2004 and 2003.

Discontinued operations decreased to $.4 million for the three-month period ended March 31, 2004 as compared to $1.1 million for the comparable period in 2003 primarily due to the decreased net gain on sales of real estate investments in 2004 as compared to 2003. During the three-month period ended March 31, 2004, we sold two properties containing 82,000 net rentable square feet for $6.1 million, realizing a gain of $.2 million. During the three-month period ended March 31, 2003, we sold three units of one office property containing 28,000 net rentable square feet for $2.6 million, realizing a gain of $.6 million

Comparison of the Year Ended December 31, 2003 to the Year Ended December 31, 2002.

	Year Ended December 31,			
	2003	**2002**	**Dollar Change**	**Percent Change**
	(amounts in thousands)			
Revenue:				
Rents	$ 256,945	$ 248,075	$ 8,870	3.6%
Tenant reimbursements	37,755	33,263	4,492	13.5%
Other	10,959	9,702	1,257	13.0%
Total revenue	305,659	291,040	14,619	5.0%
Operating Expenses:				
Property operating expenses	80,817	74,967	5,850	7.8%
Real estate taxes	27,919	25,196	2,723	10.8%
Interest	57,835	63,522	(5,687)	-9.0%
Depreciation and amortization	60,592	56,431	4,161	7.4%
Administrative expenses	14,464	14,804	(340)	-2.3%
Total operating expenses	241,627	234,920	6,707	2.9%
Income from continuing operations before equity in income of real estate ventures, and net gain on sales	64,032	56,120	7,912	14.1%
Equity in income of real estate ventures	52	987	(935)	-94.7%
Income from continuing operations before net gain				

on sales	64,084	57,107	6,977	12.2%
Net gain on sales of interest in real estate	20,537	—	20,537	0.0%
Income from continuing operations	84,621	57,107	27,514	48.2%
Income from discontinued operations	11,846	16,029	(4,183)	-26.1%
Net income	$ 96,467	$ 73,136	$ 23,331	31.9%

Of the 234 Properties owned by the Company as of December 31, 2003, a total of 211 Properties containing an aggregate of approximately 13.6 million net rentable square feet (Same Store Properties) were owned for the entire twelve-month periods ended December 31, 2003 and 2002.

Back to Contents

Revenue increased to $305.7 million for 2003 as compared to $291.0 million for 2002, primarily due to increased rental rates and additional properties in 2003, offset by decreased occupancy. The straight-line rent adjustment increased revenues by $5.9 million in 2003 and $5.8 million in 2002. Other revenue represents lease termination fees, bankruptcy settlement proceeds, leasing commissions, third-party management fees and interest income. Other revenue increased to $11.0 million in 2003 from $9.7 million in 2002 primarily due to bankruptcy settlement proceeds received in 2003. Revenue for Same Store Properties increased to $247.0 million in 2003 from $242.3 million in 2002. This increase was the result of increased occupancy as well as increased tenant reimbursements from higher operating expenses in 2003 as compared to 2002. Average occupancy for the Same Store Properties increased to 91.0% in 2003 from 90.9% in 2002.

Property operating expenses increased to $80.8 million in 2003 as compared to $75.0 million in 2002, primarily due to increased snow removal costs and additional properties in 2003. Property operating expenses included a provision for doubtful accounts of $.2 million in 2003 and $.9 million in 2002 to provide for increased tenant credit risk. Property operating expenses for the Same Store Properties increased to $75.3 million in 2003 as compared to $69.7 million in 2002 as a result of increased snow removal costs in 2003 as compared to 2002.

Real estate taxes increased to $27.9 million in 2003 as compared to $25.2 million in 2002, primarily due to increased real estate tax assessments in 2003 and additional properties in 2003. Real estate taxes for the Same Store Properties increased to $22.9 million in 2003 as compared to $21.6 million in 2002 as a result of higher tax rates and property assessments.

Interest expense decreased to $57.8 million in 2003 as compared to $63.5 million in 2002, primarily due to decreased interest rates and decreased average borrowings during 2003. Average outstanding debt balances for 2003 were $948.7 million as compared to $1.0 billion for 2002. Our weighted-average interest rate from its unsecured credit facilities after giving effect to hedging activities on the unsecured credit facilities decreased to 4.60% in 2003 from 5.41% in 2002 and on mortgage notes payable decreased to 7.09% in 2003 from 7.27% in 2002.

Depreciation increased to $53.5 million in 2003 as compared to $50.8 million in 2002 primarily due to additional properties in 2003 and additional depreciation from increased tenant improvements during 2003. Amortization, related to deferred leasing costs, increased to $7.1 million in 2003 as compared to $5.6 million in 2002, primarily due to increased leasing activity and additional properties in 2003.

Administrative expenses decreased to $14.5 million in 2003 as compared to $14.8 million in 2002, primarily due to decreased amortization of restricted stock.

Equity in income of Real Estate Ventures decreased to $52,000 in 2003 as compared to $1.0 million in 2002. During 2003, we recorded an impairment charge of $861,000 associated with the write-down its investment in a non-operating joint venture.

During 2003, we sold four parcels of land containing an aggregate of 24.1 acres for an aggregate of $4.2 million, realizing an aggregate gain of $2.0 million. In addition, we sold two office properties containing an aggregate of approximately 633,000 net rentable square feet for an aggregate of $112.8 million, of which $52.9 million of proceeds were used to pay off existing mortgage notes payable secured by the two properties. We recognized a gain on the sale of approximately $18.5 million, which is recorded in net gain on sale of real estate interests and not in discontinued operations due to a continuing 20% interest that we have maintained in the properties. During 2002, we sold two land parcels containing an aggregate of 12.8 acres for $.7 million with no net gain realized.

Discontinued operations decreased to $11.8 million in 2003 as compared to $16.0 million in 2002 primarily due to net gain on sales of real estate investments of $8.6 million in 2002. During 2003 we sold eight office properties containing an aggregate of 343,000 net rentable square feet and two industrial properties containing an aggregate of 131,000 net rentable square feet for an aggregate of $41.4 million, realizing an aggregate gain of $9.7 million. During 2002, the Partnership sold 23 office properties containing an aggregate of 1.4 million net rentable square feet and 20 industrial properties containing an aggregate of .9 million net rentable square feet for an aggregate of $190.1 million, realizing a net gain of $8.6 million. We also recorded an impairment loss in 2002 of $665,000 related to one property held-for-sale for which the anticipated net sales price is less than the book value of the asset.

22

Back to Contents

Comparison of the Year Ended December 31, 2002 to the Year Ended December 31, 2001

	Year Ended December 31,		Dollar	Percent
	2002	2001	Change	Change
	(amounts in thousands)			
Revenue:				
Rents	$ 248,075	$ 228,149	$ 19,926	8.7%
Tenant reimbursements	33,263	31,993	1,270	4.0%
Other	9,702	10,346	(644)	-6.2%
Total revenue	291,040	270,488	20,552	7.6%
Operating Expenses:				
Property operating expenses	74,967	70,604	4,363	6.2%
Real estate taxes	25,196	22,435	2,761	12.3%
Interest	63,522	67,496	(3,974)	-5.9%
Depreciation and amortization	56,431	67,224	(10,793)	-16.1%
Administrative expenses	14,804	15,177	(373)	-2.5%
Non-recurring charges	—	6,600	(6,600)	-100.0%
Total operating expenses	234,920	249,536	(14,616)	-5.9%
Income from continuing operations before equity in income of real estate ventures, and net gain on sales	56,120	20,952	35,168	167.9%
Equity in income of real estate ventures	987	2,768	(1,781)	-64.3%
Income from continuing operations before net gain on sales	57,107	23,720	33,387	140.8%
Net gain on sales of interest in real estate	—	4,524	(4,524)	0.0%
Income from continuing operations	57,107	28,244	28,863	102.2%
Income from discontinued operations	16,029	14,100	1,929	13.7%
Net income	$ 73,136	$ 42,344	$ 30,792	72.7%

Of the 238 Properties owned by the Company as of December 31, 2002, a total of 194 Properties containing an aggregate of 13.2 million net rentable square feet (Same Store Properties) were owned for the entire twelve-month periods ended December 31, 2002 and 2001.

Revenue increased to $291.0 million for 2002 as compared to $270.5 million for 2001, primarily due to increased rental rates and additional properties in 2002, offset by decreased occupancy. The straight-line rent adjustment increased revenues by $5.8 million in 2002 and $5.4 million in 2001. Other revenue represents lease termination fees, leasing commissions, third-party management fees and interest income. Other revenue decreased to $9.7 million in 2002 from $10.3 million in 2001 primarily due to reduced interest income earned in 2002 as compared to 2001. Revenue for Same Store Properties decreased to $233.3 million in 2002 from $236.6 million in 2001. This decrease was the result of decreased occupancy in 2002 as compared to 2001. Average occupancy for the Same Store Properties decreased to 90.4% in 2002 from 94.5% in 2001.

Property operating expenses increased to $75.0 million in 2002 as compared to $70.6 million in 2001, primarily due to increased insurance and security costs and additional properties in 2002. Property operating expenses included a provision for doubtful accounts of $.9 million in 2002 and $2.9 million in 2001 to provide for increased tenant credit risk. Property operating expenses for the Same Store Properties increased to $71.2 million in 2002 as compared to $69.9 million in 2002 as a result of higher insurance and security costs.

Real estate taxes increased to $25.2 million in 2002 as compared to $22.4 million in 2001, primarily due to increased real estate tax assessments in 2002 and additional properties in 2002. Real estate taxes for the Same Store Properties increased to $21.9 million in 2002 as compared to $20.8 million in 2001 as a result of higher tax rates and property assessments.

Back to Contents

Interest expense decreased to $63.5 million in 2002 as compared to $67.5 million in 2001, primarily due to decreased interest rates offset by increased average borrowings during 2002. Average outstanding debt balances for 2002 were $1.0 billion as compared to $949.5 million for 2001. Our weighted-average interest rate from its unsecured credit facilities after giving effect to hedging activities on the unsecured credit facilities decreased to 5.41% in 2002 from 6.48% in 2001 and on mortgage notes payable decreased to 7.27% in 2002 from 7.39% in 2001.

Depreciation decreased to $50.8 million in 2002 as compared to $62.9 million in 2001 primarily due to a change made by us in the estimated useful lives of buildings from 25 to 40 years. The impact of this change in useful lives was $19.0 million or $0.53 per share for the year ended December 31, 2002. Management determined that the longer period better reflected the useful lives of the buildings. Amortization, related to deferred leasing costs, increased to $5.6 million in 2002 as compared to $4.3 million in 2001, primarily due to increased leasing activity and additional properties in 2002.

Administrative expenses decreased to $14.8 million in 2002 as compared to $15.2 million in 2001, primarily due to decreased amortization of restricted stock.

Equity in income of Real Estate Ventures decreased to $1.0 million in 2002 as compared to $2.8 million in 2001. The 2001 results include a $785,000 gain on the sale of our interests in a Real Estate Venture. In addition, we acquired the remaining partnership interests in three Real Estate Ventures, and, accordingly, the results attributable to these properties are now consolidated from the date of acquisition.

During 2002, we sold two land parcels containing an aggregate of 12.8 acres for $.7 million with no net gain realized. During 2001, we sold three office properties, eight industrial properties and four land parcels for $31.3 million, realizing a net gain of $4.5 million.

Discontinued operations increased to $16.0 million in 2002 from $14.1 million in 2001 primarily due to net gain on sales of real estate investments of $8.6 million in 2002. During 2002, we sold 23 office properties containing an aggregate of 1.4 million net rentable square feet and 20 industrial properties containing an aggregate of .9 million net rentable square feet for an aggregate of $190.1 million, realizing a net gain of $8.6 million. We also recorded an impairment loss in 2002 of $665,000 related to one property held-for-sale for which the anticipated net sales price is less than the book value of the asset.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

During the three-month period ended March 31, 2004, we generated $33.1 million in cash flow from operating activities. Other sources of cash flow for the three-month period consisted of: (i) $176.6 million in net proceeds from unit issuances, (ii) $130.0 million of proceeds from draws on a revolving credit facility, (iii) $2.0 million of proceeds from sales of properties, (iv) $.3 million of cash distributions from Real Estate Ventures, and (v) $.4 million of cash acquired from the consolidation of two Real Estate Ventures that are variable interest entities and as to which we are considered the primary beneficiary. During the three-month period ended March 31, 2004, cash out-flows consisted of: (i) $170.0 million of credit facility repayments, (ii) $93.8 million of repurchases of Series B Preferred Units and Class A Units, (iii) $37.2 million of mortgage note repayments, (iv) $21.0 million of distributions to unit holders, (v) $18.4 million to fund development and capital expenditures, (vi) $2.0 million of leasing costs, (vii) $.9 million of escrowed cash and (viii) $.1 million of additional investment in Real Estate Ventures.

During the three-month period ended March 31, 2003, we generated $27.7 million in cash flow from operating activities. Other sources of cash flow for the three-month period consisted of $3.2 million of proceeds from sales of properties. During the three-month period ended March 31, 2003, cash out-flows consisted of: (i) $21.2 million of distributions to unit holders, (ii) $12.0 million of revolving credit facility repayments, (iii) $7.1 million to fund development and capital expenditures, (iv) $6.2 million of mortgage note repayments and deferred financing costs, (v) $1.5 million of leasing costs, (vi) $1.2 million of escrowed cash, and (vii) $.1 million of additional investment in Real Estate Ventures.

Back to Contents

During 2003 we generated $118.8 million in cash flow from operating activities. Other sources of cash in-flows consisted of: (i) $220.0 million of proceeds from draws on a revolving credit facility, (ii) $159.1 million in net proceeds from unit issuances, (iii) $87.5 million of net proceeds from property sales, (iv) $3.3 million of cash distributions from Real Estate Ventures, (v) $2.5 million from payments on employee stock loans and (vi) $1.9 million of escrowed cash. During 2003, cash out-flows consisted of: (i) $222.0 million of credit facility repayments, (ii) $91.4 million of Preferred Unit repurchases, (iii) $82.1 million of mortgage note repayments, (iv) $88.9 million of distributions to unit holders, (v) $67.5 million for property acquisitions, (vi) $50.9 million to fund capital expenditures, (vii) $7.8 million of leasing costs, (viii) $.5 million of additional investment in Real Estate Ventures and (ix) $.1 million of debt costs.

During 2002 we generated $128.8 million in cash flow from operating activities. Other sources of cash in-flows consisted of: (i) $115.0 million of proceeds from the Term Loan and draws on a revolving credit facility, (ii) $78.0 million of net proceeds from property sales, (iii) proceeds from $20.2 million of additional mortgage notes payable, (iv) $2.5 million of escrowed cash, (v) $2.0 million of cash distributions from Real Estate Ventures and (vi) $1.7 million from payments on employee stock loans. During 2002, cash out-flows consisted of: (i) $102.3 million of credit facility repayments, (ii) $85.6 million of distributions to unit holders, (iii) $48.6 million of mortgage note repayments, (iv) $38.8 million to fund capital expenditures, (v) $25.1 million for property acquisitions, (vi) $20.2 million to repurchase Units, (vii) $13.1 million of leasing costs, and (viii) $.7 million of debt costs and (ix) $.4 million of additional investment in Real Estate Ventures.

During 2001, we generated $152.1 million in cash flow from operating activities. Other sources of cash in-flows consisted of: (i) proceeds from $135.2 million of additional mortgage notes payable, (ii) $91.0 million of proceeds from draws on the revolving credit facility, (iii) $31.3 million of net proceeds from property sales, (iv) $5.5 million of cash distributions from Real Estate Ventures and (v) $2.5 million from payments on employee stock loans. During 2001, cash out-flows consisted of: (i) $127.9 million of mortgage note repayments, (ii) $107.4 million to fund capital expenditures, (iii) $83.2 million of distributions to unit holders, (iv) $40.4 million for property acquisitions, (v) $35.0 million to repay borrowings under the credit facility, (vi) $6.5 million to repurchase Units, (vi) $9.2 million of leasing costs, (vii) $5.6 million of debt costs, (viii) $2.5 million of additional investment in Real Estate Ventures and (ix) $1.0 million of escrowed cash.

Capitalization

At March 31, 2004, we maintained a $500 million revolving credit facility. In May 2004, we obtained a new Credit Facility as more fully described in Item 1 - Business Credit Facility. The proceeds from the new Credit Facility were used to repay our predecessor revolving credit facility.

As of March 31, 2004, we had approximately $817.0 million of debt outstanding, consisting of $265.0 million of borrowings under our predecessor credit facility, $100.0 million under the Term Loan and $452.0 million of mortgage notes payable. The mortgage notes payable consists of $427.3 million of fixed rate loans and $24.7 million of variable rate loans. Additionally, we had entered into interest rate swap agreements to fix the interest rate on $175 million of our predecessor credit facility through June 29, 2004. The mortgage loans mature between November 2004 and July 2027. As of March 31, 2004, we also had $10.7 million of letters of credit outstanding under the predecessor credit facility and $224.3 million of unused availability under the predecessor credit facility. For the three-month period ended March 31, 2004, the weighted-average interest rate under our predecessor credit facility and the related swap agreements was 4.64% per annum, the average interest rate for the Term Loan was 2.76% per annum and the weighted-average interest rate for borrowings under mortgage notes payable and the related cap agreements was 7.33% per annum.

On January 12, 2004, Brandywine Realty Trust sold 2,645,000 of its Common Shares for net proceeds of approximately $69.3 million and contributed these net proceeds to us in exchange for 2,645,000 GP Units. We used the net proceeds to reduce the outstanding balance under our credit facility.

In February 2004, we redeemed all of our then outstanding Series B Preferred Units. The Series B Preferred Units had an aggregate stated value of $97.5 million and accrued distributions at 7.25% per annum. We redeemed all of the Series B Preferred Units for an aggregate price of $93.0 million, together with accrued but unpaid distributions from January 1, 2004 and recorded a gain of $4.5 million as an adjustment to net income available to Common Partnership Unitholders.

25

Back to Contents

On February 27, 2004, Brandywine Realty Trust sold 2,300,000 of its 7.375% Series D Cumulative Redeemable Preferred Shares for net proceeds of approximately $55.5 million and contributed these net proceeds to us in exchange for 7.375% Series E Preferred Mirror Units. We used the net proceeds to reduce the outstanding balance under our credit facility, including amounts advanced under our credit facility to fund the redemption of Series B Preferred Units.

On March 3, 2004, Brandywine Realty Trust sold 1,840,000 of its Common Shares for net proceeds of approximately $50.7 million and contributed these net proceeds to us in exchange for 1,840,000 GP Units. We used the net proceeds to reduce the outstanding balance under our credit facility.

The Board of Trustees of Brandywine Realty Trust approved a share repurchase program authorizing it to repurchase up to 4,000,000 of its outstanding Common Shares. Through March 31, 2004, Brandywine Realty Trust had repurchased 3.2 million of its Common Shares at an average price of $17.75 per share. Concurrent with share repurchases by Brandywine Realty Trust, we have repurchased 3.2 million of our GP Units from Brandywine Realty Trust at an average price of $17.75 per GP Unit. Under the share repurchase program, Brandywine Realty Trust has the authority to repurchase an additional 762,000 shares. No time limit has been placed on the duration of the share repurchase program.

Short- and Long-Term Liquidity

We believe that cash flow from operations and current financing alternatives are adequate to fund our short-term liquidity requirements for 2004. Cash flow from operations is generated primarily from rental revenues, operating expense reimbursements from tenants, and by providing management services to third parties. We intend to use these funds to meet our principal short-term liquidity needs, which are to fund operating expenses, debt service requirements, recurring capital expenditures, tenant allowances, leasing commissions and the minimum distributions required to maintain Brandywine Realty Trust's REIT qualifications under the Internal Revenue Code.

On March 25, 2004, Brandywine Realty Trust authorized us to declare a quarterly dividend distribution of $0.44 per unit, paid on April 15, 2004 to Class A Unit holders of record as of April 6, 2004, and to the GP Unit holder. Distributions of $1.76 per unit were declared in each of 2003 and 2002.

On March 25, 2004, the Partnership declared distributions to holders of its Series A Preferred Mirror Units, Series D Preferred Mirror Units and Series E Preferred Mirror Units, which are currently entitled to a cumulative preferential return of 7.25%, 7.50% and 7.375%, respectively. Distributions paid on April 15, 2004 to holders of Series A Preferred Mirror Units, Series D Preferred Mirror Units and Series E Preferred Mirror Units totaled $.7 million, $.9 million and $.4 million, respectively.

Future distributions by us will be declared at the discretion of Brandywine Realty Trust as our general partner and will depend on our actual cash flow, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code of 1986 and such other factors as Brandywine Realty Trust deems relevant.

We expect to meet our long-term liquidity requirements, such as for property acquisitions, development, investments in real estate ventures, scheduled debt maturities, major renovations, expansions and other significant capital improvements, through borrowings under our Credit Facility, long-term secured and unsecured indebtedness, the issuance of Units and the disposition of certain properties.

Back to Contents

Commitments and Contingencies

The following table outlines the timing of payment requirements related to our commitments as of March 31, 2004:

	Payments by Period (in thousands)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Mortgage notes payable:					
Fixed rate	$ 427,275	$ 8,946	$ 25,674	$ 41,321	$ 351,334
Variable rate	24,774	131	407	552	23,684
	452,049	9,077	26,081	41,873	375,018
Revolving credit facility	265,000	305,000	—	—	—
Unsecured debt	100,000	—	100,000	—	—
Other Liabilities	1,350	602	748	—	—
	$ 818,399	$ 314,679	$ 126,829	$ 41,873	$ 375,018

We intend to refinance our mortgage notes payable as they become due or repay those that are secured by properties being sold. In May 2004, we obtained a new Credit Facility as more fully described in Item I Business Credit Facility.

Off-Balance Sheet Arrangements

We are not dependent on the use of any off-balance sheet financing arrangements for liquidity. Our off-balance sheet arrangements are discussed in Note 6 to the consolidated financial statements: Investment in Unconsolidated Real Estate Ventures. Additional information about the debt of our unconsolidated Real Estate Ventures is included in Item 3 Properties.

Inflation

A majority of our leases provide for escalations of real estate taxes and operating expenses either on a triple net basis or over a base amount. In addition, many of the office leases provide for fixed base rent increases. We believe that inflationary increases in expenses will be significantly offset by expense reimbursement and contractual rent increases.

Interest Rate Risk and Sensitivity Analysis

The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market rates. The range of changes chosen reflects our view of changes which are reasonably possible over a one-year period. Market values are the present value of projected future cash flows based on prevailing market conditions at March 31, 2004.

Our financial instruments consist of both fixed and variable rate debt. As of March 31, 2004, our consolidated debt consisted of $427.3 million in fixed rate mortgages and $24.7 million in variable rate mortgage notes, $265.0 million borrowings under our predecessor credit facility and $100.0 million under our Term Loan. All financial instruments were entered into for other than trading purposes and the net market value of these financial instruments is referred to as the net financial position. Changes in interest rates have different impacts on the fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial position, but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows, but does not impact the net financial position.

We have entered into interest rate swap and rate cap agreements designed to reduce the impact of interest rate changes on our variable rate debt. At March 31, 2004, we had interest rate swap agreements for notional principal amounts aggregating $175 million. The swap agreements effectively fix the LIBOR interest rate on $100 million of credit facility borrowings at 4.230% and on $75 million of credit facility borrowings at 4.215%, in each case until June 29, 2004. The interest rate cap agreement effectively limits the interest rate on a mortgage with a notional value of $28 million at 8.7% until July 2004. After giving effect to our swap arrangements, our total variable rate debt subject to interest rate sensitivity was $214.7 million at March 31, 2004.

Back to Contents

As of March 31, 2004, the carrying value of our fixed rate debt was $427.3 million and had a fair value of $489.8 million. Changes in market interest rates on our fixed-rate debt impacts the fair value of the debt, but it has no impact on interest incurred or cash flow. The sensitivity analysis related to our fixed debt assumes an immediate 100 basis point move in interest rates from their actual March 31, 2004 levels, with all other variables held constant. A 100 basis point increase in market interest rates would result in a decrease in the fair market value of our fixed-rate debt by $31.2 million at March 31, 2004. A 100 basis point decrease in market interest rates would result in an increase in the fair market value of our fixed-rate debt by $34.7 million at March 31, 2004.

Based on our variable rate debt as of March 31, 2004, a 1% increase in interest rates would result in an additional $3.5 million in interest expense per year and a 1% decrease would reduce interest expense by $3.5 million per year.

Item 3. Properties

Properties

As of March 31, 2004, we owned 207 office properties, 24 industrial facilities and one mixed-use property that contained an aggregate of approximately 15.7 million net rentable square feet. The properties are located in the markets in and surrounding Philadelphia, Pennsylvania; New Jersey; and Richmond, Virginia. As of March 31, 2004, the Properties were approximately 90.0% leased to 1,023 tenants and had an average age of approximately 17.6 years. The office properties are primarily one to three story suburban office buildings containing an average of approximately 72,922 net rentable square feet. The industrial properties accommodate a variety of tenant uses, including light manufacturing, assembly, distribution and warehousing. We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of the Properties, with policy specifications and insured limits which we believe are adequate.

We had the following projects in development or redevelopment as of March 31, 2004:

Project Name	Location	Rentable Square Feet	% Leased as of 3/31/04	Estimated Project Completion Date	Estimated Project Stabilization Date (a)	Total Cost Incurred as of 3/31/04	Estimated Total Development Cost (b)
						(in 000's)	(in 000's)
Under Development:							
Cira Centre	Philadelphia, PA	727,725	62%	Dec-05	Apr-07	$ 13,396	$ 177,642
Bishops Gate	Mount Laurel, NJ	52,986	69%	Jul-04	Jul-05	3,226	8,048
6990 Snowdrift (Bldg A)	Allentown, PA	44,200	69%	Oct-03	Dec-04	5,361	5,713
6990 Snowdrift (Bldg B)	Allentown, PA	27,900	0%	Dec-03	Dec-04	2,396	3,292
		852,811				24,379	194,695
Under Redevelopment:							
7535 Windsor Drive	Allentown, PA	128,061	59%	Oct-03	Dec-04	$ 3,026	$ 3,474
855 Springdale Drive	West Whitefield, PA	50,750	0%	Dec-04	Dec-05	172	3,400
501 Office Center Drive	Fort Washington, PA	114,837	32%	Oct-03	Dec-04	1,274	12,044

	293,648	4,472	18,918
	1,146,459	$ 28,851	$ 213,613

(a) Stabilization date represents date at which the property is projected to be 95% leased.

(b) Total development cost includes land acquisition costs, land carry costs, hard and soft construction costs, tenant improvements and broker commissions.

Back to Contents

The following table sets forth information with respect to the Properties at March 31, 2004:

Property Name	Location	State	Year Built	Net Rentable Square Feet	Percentage Leased as of March 31, 2004 (a)	Total Base Rent for the Annualized Twelve Months as of March 31, 2004 (b) (000's)	Average Annualized Rental Rate as of March 31, 2004 (c)
PENNSYLVANIA SEGMENT							
100-300 Gundy Drive	Reading	PA	1970	448,212	96.8%	$ 6,917	$ 15.60
401 Plymouth Road	Plymouth Meeting	PA	2001	202,662	88.9%	5,380	29.98
Philadelphia Marine Center (d)	Philadelphia	PA	Various	181,900	100.0%	806	7.42
300 Corporate Center Drive	Camp Hill	PA	1989	175,280	100.0%	3,391	20.63
111 Presidential Boulevard	Bala Cynwyd	PA	1997	173,095	37.7%	1,755	24.51
751-761 Fifth Avenue	King Of Prussia	PA	1967	158,000	100.0%	498	3.15
630 Allendale Road	King of Prussia	PA	2000	150,000	100.0%	3,678	24.30
640 Freedom Business Center (d)	King Of Prussia	PA	1991	132,000	99.0%	3,117	26.61
100 Katchel Blvd	Reading	PA	1970	131,082	100.0%	2,960	21.46
52 Swedesford Square	East Whiteland Twp.	PA	1988	131,017	100.0%	2,862	23.75
105 / 140 Terry Drive	Newtown	PA	1982	128,666	92.5%	1,755	15.19
7535 Windsor Drive	Allentown	PA	1988	128,061	(e)	—	—
400 Berwyn Park	Berwyn	PA	1999	124,172	42.5%	1,713	31.44
101 Lindenwood Drive	Malvern	PA	1988	118,121	95.3%	2,489	21.90
501 Office Center Drive	Fort Washington	PA	1974	114,837	(e)	—	—
7130 Ambassador Drive	Allentown	PA	1991	114,049	—	—	0.00

7350 Tilghman Street		Allentown	PA	1987	111,500	100.0%	1,976	19.81
300 Berwyn Park		Berwyn	PA	1989	109,919	97.0%	2,035	22.82
50 Swedesford Square		East Whiteland Twp.	PA	1986	109,800	100.0%	1,928	18.87
920 Harvest Drive		Blue Bell	PA	1990	104,505	100.0%	2,100	20.27
442 Creamery Way		Exton	PA	1991	104,500	100.0%	598	6.64
935 First Avenue		King of Prussia	PA	2001	103,090	—	—	—
100 Brandywine Boulevard		Newtown	PA	2002	102,000	100.0%	2,681	23.72
500 Office Center Drive		Fort Washington	PA	1974	101,303	97.9%	1,877	22.25
7450 Tilghman Street		Allentown	PA	1986	100,000	81.2%	1,423	19.59
301 Lindenwood Drive		Malvern	PA	1984	97,624	85.5%	1,794	18.30
555 Croton Road		King of Prussia	PA	1999	96,909	100.0%	2,853	23.27
500 North Gulph Road		King Of Prussia	PA	1979	93,082	68.4%	1,335	21.38
620 West Germantown Pike		Plymouth Meeting	PA	1990	90,169	82.8%	1,712	24.75
610 West Germantown Pike		Plymouth Meeting	PA	1987	90,152	95.5%	2,379	31.25
630 West Germantown Pike		Plymouth Meeting	PA	1988	89,925	86.2%	1,989	28.18
600 West Germantown Pike		Plymouth Meeting	PA	1986	89,681	94.0%	2,210	30.10
630 Freedom Business Center	(d)	King Of Prussia	PA	1989	86,683	94.3%	1,915	26.99
620 Freedom Business Center	(d)	King Of Prussia	PA	1986	86,559	45.4%	889	14.72
1200 Swedsford Road		Berwyn	PA	1994	86,000	100.0%	1,666	27.64
595 East Swedesford Road		Wayne	PA	1998	81,890	100.0%	2,117	26.25
3331 Street Road -Greenwood Square		Bensalem	PA	1986	81,575	100.0%	1,673	21.11
1050 Westlakes Drive		Berwyn	PA	1984	80,000	100.0%	2,415	31.95

One Progress Avenue	Horsham	PA	1986	79,204	100.0%	841	11.60
1060 First Avenue	(d) King Of Prussia	PA	1987	77,718	52.5%	878	21.28
741 First Avenue	King Of Prussia	PA	1966	77,184	100.0%	580	8.00
323 Norristown Road	Lower Gwyned	PA	1988	76,287	97.1%	1,739	17.37
1040 First Avenue	(d) King Of Prussia	PA	1985	75,488	64.0%	1,145	25.80
200 Berwyn Park	Berwyn	PA	1987	75,025	93.8%	1,661	26.61
1020 First Avenue	(d) King Of Prussia	PA	1984	74,556	100.0%	1,642	21.52

Back to Contents

Property Name	Location	State	Year Built	Net Rentable Square Feet	Percentage Leased as of March 31, 2004 (a)	Total Base Rent for the Annualized Twelve Months as of March 31, 2004 (b) (000's)	Average Annualized Rental Rate as of March 31, 2004 (c)
1000 First Avenue (d)	King Of Prussia	PA	1980	74,139	95.9%	1,537	23.26
160 - 180 West Germantown Pike	East Norriton	PA	1982	73,394	61.5%	897	19.08
436 Creamery Way	Exton	PA	1991	72,300	89.1%	604	11.93
14 Campus Boulevard	Newtown Square	PA	1998	69,542	100.0%	1,460	23.10
500 Enterprise Road	Horsham	PA	1990	66,751	100.0%	675	16.30
575 East Swedesford Road	Wayne	PA	1985	66,503	100.0%	1,750	28.36
925 Harvest Drive	Blue Bell	PA	1990	63,663	90.7%	1,156	20.43
429 Creamery Way	Exton	PA	1996	63,420	100.0%	760	13.84
610 Freedom Business Center (d)	King Of Prussia	PA	1985	62,991	88.6%	1,342	26.96
980 Harvest Drive	Blue Bell	PA	1988	62,379	100.0%	1,442	25.22
426 Lancaster Avenue	Devon	PA	1990	61,102	100.0%	1,107	18.34
3329 Street Road -Greenwood Square	Bensalem	PA	1985	60,705	100.0%	1,054	19.42
1180 Swedesford Road	Berwyn	PA	1987	60,371	100.0%	1,728	29.24
1160 Swedesford Road	Berwyn	PA	1986	60,099	91.7%	1,359	25.09
200 Corporate Center Drive	Camp Hill	PA	1989	60,000	100.0%	1,071	18.48
321 Norristown Road	Lower Gwyned	PA	1988	59,994	100.0%	1,128	18.29
100 Berwyn Park	Berwyn	PA	1986	57,731	68.4%	754	28.73

440 Creamery Way	Exton	PA	1991	57,218	100.0%	518	12.04
640 Allendale Road	King of Prussia	PA	2000	56,034	100.0%	350	8.16
565 East Swedesford Road	Wayne	PA	1984	55,789	75.5%	1,116	28.05
680 Allendale Road	King Of Prussia	PA	1962	52,528	100.0%	544	11.97
2240/50 Butler Pike	Plymouth Meeting	PA	1984	52,229	100.0%	886	21.05
650 Park Avenue	King Of Prussia	PA	1968	51,711	14.9%	49	6.45
1155 Business Center Drive	Horsham	PA	1990	51,388	100.0%	712	18.75
486 Thomas Jones Way	Exton	PA	1990	51,372	88.9%	773	18.66
800 Business Center Drive	Horsham	PA	1986	51,236	100.0%	598	15.33
855 Springdale Drive	Exton	PA	1986	50,750	(e)	—	—
660 Allendale Road	King of Prussia	PA	1962	50,635	100.0%	365	8.66
15 Campus Boulevard	Newtown Square	PA	2002	50,000	100.0%	1,338	25.93
875 First Avenue	King Of Prussia	PA	1966	50,000	100.0%	1,038	18.66
630 Clark Avenue	King Of Prussia	PA	1960	50,000	100.0%	301	7.17
620 Allendale Road	King Of Prussia	PA	1961	50,000	79.8%	857	21.16
7150 Windsor Drive	Allentown	PA	1988	49,420	100.0%	609	15.81
479 Thomas Jones Way	Exton	PA	1988	49,264	84.2%	651	17.00
17 Campus Boulevard	Newtown Square	PA	2001	48,565	100.0%	1,224	25.90
520 Virginia Drive	Fort Washington	PA	1987	48,122	100.0%	902	19.75
11 Campus Boulevard	Newtown Square	PA	1998	47,700	100.0%	1,077	23.21
456 Creamery Way	Exton	PA	1987	47,604	100.0%	364	7.87
6575 Snowdrift Road	Allentown	PA	1988	47,091	100.0%	568	13.55

220 Commerce Drive	Fort Washington	PA	1985	46,080	89.5%	846	20.90
7248 Tilghman Street	Allentown	PA	1987	43,782	85.5%	568	17.87
110 Summit Drive	Exton	PA	1985	43,660	100.0%	394	11.70
585 East Swedesford Road	Wayne	PA	1998	43,635	100.0%	1,259	28.38
7360 Windsor Drive	Allentown	PA	2001	43,600	100.0%	935	23.13
1100 Cassett Road	Berwyn	PA	1997	43,480	100.0%	1,106	26.81

Back to Contents

Property Name	Location	State	Year Built	Net Rentable Square Feet	Percentage Leased as of March 31, 2004 (a)	Total Base Rent for the Annualized Twelve Months as of March 31, 2004 (b) (000's)	Average Annualized Rental Rate as of March 31, 2004 (c)
467 Creamery Way	Exton	PA	1988	42,000	100.0%	495	15.27
300 Welsh Road - Building I	Horsham	PA	1980	40,042	55.3%	336	21.01
7310 Tilghman Street	Allentown	PA	1985	40,000	78.9%	469	17.81
150 Corporate Center Drive	Camp Hill	PA	1987	39,401	93.9%	665	17.72
1336 Enterprise Drive	West Goshen	PA	1989	39,330	100.0%	720	20.50
600 Park Avenue	King Of Prussia	PA	1964	39,000	100.0%	530	15.44
412 Creamery Way	Exton	PA	1999	38,098	57.9%	452	19.98
755 Business Center Drive	Horsham	PA	1998	38,050	100.0%	576	24.45
18 Campus Boulevard	Newtown Square	PA	1990	37,374	100.0%	809	22.19
457 Creamery Way	Exton	PA	1990	36,019	100.0%	427	16.40